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**MEMORANDUM**

**TO:** Commerce, Insurance and Economic Development Task Force Members  
**FROM:** Cara Sullivan, Task Force Director  
**DATE:** March 28, 2014  
**RE:** 35 Day Mailing: Agendas and Proposed Model Policies for 2014 Spring Task Force Summit

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The American Legislative Exchange Council will host its [2014 Spring Task Force Summit](#) at the Kansas City Marriott Downtown in Kansas City, Missouri on May 1-2, 2014. Early registration and housing deadline is April 4<sup>th</sup> so register now to take advantage of reduced rates. You may register and make hotel arrangements [here](#).

Task Force members should plan to attend the following:

**Friday, May 2**

- **10:00 - 11:00 a.m.:** Labor and Business Regulation Subcommittee Meeting  
*We strongly encourage attendance of all Task Force members at subcommittee meetings as they are an important means of discussing model policy to be considered by the Task Force.*
- **12:30-1:30 p.m.:** Commerce, Insurance and Economic Development Task Force Luncheon
- **2:00-5:00 p.m.:** Commerce, Insurance and Economic Development Task Force Meeting
- **5:30-7:00 p.m.:** Kansas City Reception

**Please find the following materials enclosed:**

- Agenda for the ALEC Spring Task Force Summit
- Tentative Agenda for the Labor and Business Regulation Subcommittee Meeting
- Tentative Agenda for the Commerce, Insurance and Economic Development Task Force Meeting
- Proposed Model Policies for Task Force Consideration
- ALEC Mission Statement
- ALEC Reimbursement Policies by Meeting
- Registration Forms for 2014 Spring Task Force Summit

If you have concerns about a model policy, please let me know as soon as possible so we can facilitate any necessary conversations prior to the Task Force meeting.

As a reminder, the attached is not official ALEC model policy until it passes both the Commerce Task Force and ALEC's National Board of Directors. Also, please note that all agendas are tentative and subject to change.

I look forward to seeing you in Kansas City, Missouri for what is sure to be a productive and fun meeting. As always, if you have any questions or comments regarding the meeting or the Task Force, please contact me.

Sincerely,



Cara Sullivan  
Director, Commerce, Insurance and Economic Development Task Force  
American Legislative Exchange Council  
571-482-5031  
csullivan@alec.org

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## **2014 Spring Task Force Summit Schedule of Events**

**Friday, May 2<sup>nd</sup>, 2014**

9am – 12pm Subcommittee Meetings

12:30pm – 1:30pm Task Force Luncheons

2pm- 5pm Task Force Meetings

5:30pm – 7pm Kansas City Reception



**Labor and Business Regulation Subcommittee  
of the Commerce, Insurance and Economic Development Task Force**

**2014 Spring Task Force Summit  
10:00-11:00 a.m.**

*All Commerce, Insurance and Task Force members are strongly encouraged to participate in subcommittee discussions and advisory votes.*

**Tentative Agenda**

**10:00 a.m. WELCOME AND INTRODUCTIONS**  
Representative Gary Daniels, *New Hampshire*, Public Sector Subcommittee Chair  
Vincent Vernuccio, *Mackinac Center for Public Policy*, Private Sector  
Subcommittee Chair

**10:05 a.m. PROPOSED MODEL POLICY: DISCUSSION AND ADVISORY VOTE**

“DRAFT Public Employee Choice Act”

“DRAFT Local Investment Made Easy (LIME) Act”

“DRAFT Resolution on Binding Arbitration for Public Employees”

**10:55 a.m. FOR THE GOOD OF THE ORDER**

**11:00 a.m. ADJOURNMENT**

*\*As a reminder, the agenda is tentative and subject to change. All model policies are not official ALEC model policy until approved by both the Commerce, Insurance and Economic Development Task Force and ALEC’s National Board of Directors.*

**Commerce, Insurance and Economic Development Task Force**

**2014 Spring Task Force Summit**

Friday, May 2, 2014

2:00-5:00 p.m.

**TENTATIVE AGENDA**

**2:00 p.m. CALL TO ORDER**

**Welcoming Remarks**

Rep. Dawn Pettengill, *Iowa*, Public Sector Task Force Chair

Emory Wilkerson, *State Farm Insurance*, Private Sector Task Force Chair

**Introduction of Task Force Members and Guests**

**Approval of Minutes from 2013 States and Nation Policy Summit**

**Staff Task Force Report**

**2:10 p.m. SUBCOMMITTEE REPORTS**

**2:15 p.m. PRESENTATIONS AND CONSIDERATION OF MODEL POLICY**

**2:15 p.m. “DRAFT Public Employee Choice Act”**

**2:35 p.m. PRESENTATION:** An Alternative to the Expansion of Professional Licensing

**2:50 p.m. PRESENTATION:** Regulating Electronic Cigarettes: Jeffersonian Style

**3:05 p.m. “DRAFT Resolution on Binding Arbitration for Public Employees”**

**3:25 p.m. PRESENTATION:** Common Sense in Regulating Cosmetic Services Treatments

**3:40 p.m. PRESENTATION:** Competitive Procurement Reform: The Solution to the Growing Infrastructure Crisis Beneath our Feet

**3:50 p.m. PANEL:** Crowdfunding 101: Everything You Need to Know about Crowd-Sourced Intrastate Investing to Enable More Startups and Job Creation

**4:10 p.m. “DRAFT Local Investment Made Easy (LIME) Act”**

*Dual-Referred with Communications and Technology Task Force*

**4:30 p.m. PRESENTATION:** Home Owners Associations

**4:40 p.m. DISCUSSION:** Automotive Manufacturer Direct Sale to Consumer Act

**4:55 p.m. FOR THE GOOD OF THE ORDER**

**5:00 p.m. ADJOURNMENT**

*\*As a reminder, the agenda is tentative and subject to change. All model policies are not official ALEC model policy until approved by both the Commerce, Insurance and Economic Development Task Force and ALEC's National Board of Directors.*

## **DRAFT Public Employee Choice Act**

## *Summary*

5 Government employees and any unions they may designate to represent them are  
6 excluded from National Labor Relations Act (NLRA), and are instead subject to state and  
7 local laws governing collective bargaining. Many of these laws are "monopoly  
8 bargaining laws," meaning that even in states with right-to-work legislation —which bars  
9 payment of dues or fees as a condition of employment — employees are still forced to  
10 accept a union as their sole representative in the workplace. Similarly, unions are  
11 required to represent employees who do not wish to be represented. Employees do not  
12 have the right to negotiate their own contract or adjust their own grievances, or secure  
13 their own representation in disciplinary hearings with their employer.

15 This act establishes the workers' right to opt-out of union representation and represent  
16 themselves, as well as allowing unions to forego representation of non-dues or fee payers.  
17 It does not change the rubric of collective bargaining in any other way except that, under  
18 the act, a worker has the choice to either remain in a union that has achieved majority  
19 consent from the employees in the unit, or to fully and independently represent  
20 themselves.

22 *NOTE: It is recommended this legislation be introduced after or in conjunction with*  
23 *ALEC's Right to Work Act.*

## *Model Policy*

27 **Section 1. {Short Title.}** This Act shall be known as the Public Employee Choice Act.

29 **Section 2. {Legislative Declarations.}** This legislature finds and declares that:

- (A) An employer and employee should be free to contract on their own terms.
- (B) Monopoly collective bargaining laws violate this freedom.
- (C) As a result, it is against the public policy interests of this State/Commonwealth to impose monopoly collective bargaining laws on public employees who wish to represent themselves.

**39 Section 3. {Definitions.}** For the purposes of this Act,

(A) "Independent bargaining" or "to bargain independently" means to bargain between a public employer and a public employee with respect to rates of pay, wages, hours of employment, adjustment of grievances or other terms and conditions of employment without the intervention of an employee organization, bargaining agent, or exclusive bargaining representative.

46

47 (i) Independent bargaining does not grant any greater or lesser rights or  
48 privileges to public employees who have chosen to represent themselves  
49 in a unit with an exclusive representative than those public employees in a  
50 unit without an exclusive bargaining representative.

51

52 (ii) Independent bargaining does not grant any greater or lesser duties or  
53 obligations for a public employer to public employees who have chosen to  
54 represent themselves in a unit with an exclusive bargaining representative  
55 than those duties or obligations the public employer or public school  
56 employer owe to public employees in a unit without an exclusive  
57 bargaining representative.

58 (B) "Employee organization" means any association or organization of employees,  
59 and any agency, employee representation committee, or plan in which employees  
60 participate that exists, in whole or in part, to advocate on behalf of employees  
61 about grievances, labor disputes, wages, rates of pay, hours of employment or  
62 conditions of work.

63

64 (C) "Public employee" means a person holding a position by appointment or  
65 employment in the government of this State, or any of its political subdivisions,  
66 including, but not limited to, public schools, and any authority, commission or  
67 board, or in any other branch of public service.

68

69 (D) "Public employer" means any state or local government, government agency,  
70 government instrumentality, special district, joint powers authority, school board  
71 or special purpose organization that employs one or more persons in any capacity.

72

73 (E) "Collective bargaining" means the performance of the mutual obligation of the  
74 representatives of the public employer and the labor organization designated as an  
75 exclusive bargaining representative to meet and bargain in good faith in an effort  
76 to reach written agreement with respect to wages, hours, and terms and conditions  
77 of employment.

78

79 (F) "Exclusive bargaining representative" means any employee organization that has  
80 been certified or designated by the [state official/agency] pursuant to the  
81 provisions of [insert applicable state labor law] as the representative of the  
82 employees in an appropriate collective bargaining unit to represent the employees  
83 in their employment relations with employers.

85

86 **Section 4. {Public employee choice guaranteed.}**

87

88 (A) Public employees shall have the right to independently bargain in their relations  
89 with the public employer.

90 (B) No provision of any agreement between an employee organization and a public  
91 employer, or any other public policy, shall impose representation by an employee  
92 organization on public employees who are not members of that organization and  
93 have chosen to bargain independently. Nothing in any collective agreement shall  
94 limit a public employee's ability to negotiate with his employer or adjust his  
95 grievances directly with his employer, nor shall a resolution of any such  
96 negotiation or grievance be controlled or limited by the terms of a collective  
97 bargaining agreement.

98

100 (C) There shall be not more than one exclusive bargaining representative designated  
101 by the [state official/agency] pursuant to the provisions of [insert applicable state  
102 labor law] as the representative of the employees in an appropriate collective  
103 bargaining unit.

104

105 (D) No provision of any agreement between an employee organization and a public  
106 employer, or any other public policy, shall impose any wages or conditions of  
107 employment for members of an employee organization which are linked or  
108 contingent upon wages or conditions of employment to public employees who are  
109 not members of an employee organization.

110

111 **Section 5. {Agreements in violation, and actions to induce such agreements, declared  
112 illegal.}**

113

114 (A) Any agreement, understanding or practice, written or oral, implied or expressed,  
115 between any employee organization and public employer that violates the rights  
116 of employees as guaranteed by provisions of this chapter is hereby declared to be  
117 unlawful, null and void, and of no legal effect. Any strike, picketing, boycott or  
118 other action by an employee organization for the purpose of inducing or  
119 attempting to induce an employer to enter into any agreement prohibited by this  
120 chapter is hereby declared to be for an illegal purpose and is a violation of the  
121 provisions of this chapter.

122

123 **Section 6. {Coercion and intimidation prohibited.}**

124

125 (A) It shall be unlawful for any person, employee organization, or officer, agent, or  
126 member thereof, by any threatened or actual intimidation of an employee or  
127 prospective employee, or an employee or prospective employee's parents, spouse,  
128 children, grandchildren, or any other persons residing in the employee's or  
129 prospective employee's home, or by any damage or threatened damage to an  
130 employee or prospective employee's property, to compel or attempt to compel  
131 such employee to join, affiliate with, or financially support an employee  
132 organization.

133

134 **Section 7. {Penalties.}**

135

136 (A) Any person who directly or indirectly violates any provision of this chapter shall  
137 be guilty of a misdemeanor, and upon conviction thereof shall be subject to a fine  
138 not exceeding (insert amount) or imprisonment for a period of not more than  
139 (insert time period), or both such fine or imprisonment.

140

141 **Section 8. {Duty to investigate.}**

142

143 (A) It shall be the duty of the state attorney general to investigate complaints of  
144 violation or threatened violations of this chapter and to prosecute any or all  
145 persons violating any of its provisions, and to take all means at his or her  
146 command to ensure its effective enforcement.

147

148 **Section 9. {Prospective application.}**

149

150 (A) The provisions of this chapter shall apply to all contracts or contract extensions  
151 entered into after the effective date of this chapter, but no later than two years  
152 hence.

153

154 **Section 10. {Severability clause.}**

155

156 **Section 11. {Repealer clause.}**

1                   **DRAFT Resolution on Binding Arbitration for Public Employees**

2

3                   ***Summary***

4                   Binding arbitration of labor disputes hampers the ability of local officials to make their own  
5                   personnel decisions by allowing a third party, accountable to neither local officials nor taxpayers,  
6                   to unilaterally decide the terms of a union contract. [Insert state] believes that this practice should  
7                   no longer be used as a means of resolving impasses in collective bargaining.

8                   ***Model Resolution***

9                   **WHEREAS**, binding arbitration is commonly used to resolve impasses in collective bargaining  
10                  between local governments and unions, especially those representing police and fire personnel;

11                  **WHEREAS**, binding arbitration commonly allows a third party to impose contract terms on  
12                  local governments that local officials might not otherwise agree to;

13                  **WHEREAS**, arbitrators are neither accountable to the public, nor subject to the consequences of  
14                  their decisions;

15                  **WHEREAS**, binding arbitration is rarely used to resolve collective bargaining impasses outside  
16                  of government;

17                  **WHEREAS**, the arbitration process has been shown to be slow and cumbersome, frequently  
18                  resulting in back-pay awards that must be borne by local taxpayers;

19                  **WHEREAS**, the criteria that arbitrators are called upon to use to resolve contract disputes are  
20                  prone to be vague and contradictory;

21                  **WHEREAS**, arbitrators cannot be relied upon to give due consideration to the cost of  
22                  government, or to the burdens that imposed terms can pose for taxpayers;

23                  **WHEREAS**, an arbitrator's decision, even if poorly reasoned, typically cannot be rejected or  
24                  reviewed by any elected authority or court;

25                  **WHEREAS**, the management and compensation of government employees is central to the  
26                  operation of government, and makes up a large portion of its costs; and

27                  **WHEREAS**, binding arbitration commonly removes the management and compensation of  
28                  government employees from the authority of officials elected by the people of the community,  
29                  and leaves communities subject to a process that has been rejected by nearly all labor relations  
30                  practitioners;

31                  **NOW THEREFORE BE IT RESOLVED**, that the [insert state here] opposes the use of  
32                  binding arbitration to resolve impasses in collective bargaining; and

33                  **BE IT FURTHER RESOLVED**, that [insert state here] supports the repeal of laws that impose  
34                  the binding arbitration of impasses in collective bargaining; and

35 **BE IT FURTHER RESOLVED**, that if arbitration is used, strict limits should be placed on the  
36 authority and discretion of arbitrators, and measures taken to ensure that the interests of residents  
37 and taxpayers be given due weight.

DRAFT

## **DRAFT Local Investment Made Easy (LIME) Act**

## *Summary*

3 Investment crowdfunding—raising money through small contributions from a large number of  
4 investors—provides start-ups and smaller enterprises with access to the capital they need to start  
5 new business ventures. It also provides the public with the opportunity to invest in ideas, people  
6 and businesses in their community, which fosters economic growth and job opportunities for the  
7 state. The Local Investment Made Easy Act facilitates intrastate investment crowdfunding by  
8 creating an exemption in state securities law that allows for the crowdfunding of projects within  
9 the state. The Act also establishes protections for investors and the public through disclosure  
10 requirements, issuer caps and investment limits.

## *Model Policy*

{Title, enacting clause, etc.}

13 To amend relevant sections of [insert state name] securities law to provide for an exception  
14 for certain investments.

**BE IT ENACTED BY THE LEGISLATURE OF [INSERT STATE NAME]:**

16 *To amend Sections XX of the Code of XX by adding the following*

## 17      **Section 1. {Exemption.}**

18 (A) Except as otherwise provided in this Act, an offer or sale of a security by an issuer is exempt  
19 from state securities law if the offer or sale is conducted in accordance with each of the  
20 following requirements:

(1) The issuer of the security is a business entity formed under the laws.

(2) The transaction meets the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), and SEC rule 147, 17 C.F.R. § 230.147.

(3) The sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption does not exceed the cap provided in this subsection:

(i.) One million dollars (\$1,000,000), less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance upon this exemption, if the issuer has not undergone and made available to each prospective investor and the administrator audited financial statements or reviewed financial statements for the issuer's most recently completed fiscal year, prepared by a certified public accountant.

38 (ii.) Two million dollars (\$2,000,000), less the aggregate amount received for all  
39 sales of securities by the issuer within the 12 months before the first offer or  
40 sale made in reliance upon this exemption, if the issuer has undergone and  
41 made available to each prospective investor and the state securities  
42 administrator audited financial statements or reviewed financial statements for  
43 the issuer's most recently completed fiscal year, prepared by a certified public  
44 accountant.

45  
46 (4) The issuer has not accepted more than ten thousand dollars (\$10,000) from any single  
47 investor unless the investor is an accredited investor as defined by rule 501 of SEC  
48 regulation D, 17 C.F.R. § 230.501.

49  
50 (5) Notice Filing Requirements: Not less than 10 days prior to the commencement of an  
51 offering of securities in reliance on this exemption or the use of any publicly available  
52 website in connection with any such offering, the issuer shall file a notice with the  
53 state securities administrator, in writing or in electronic form as specified by the state  
54 securities administrator, containing the following:

55  
56 (i.) A notice of claim of exemption from registration, specifying that the issuer  
57 will be conducting an offering in reliance upon this exemption, accompanied  
58 by the filing fee as specified in subsection (F) of this Act.

59  
60 (ii.) A copy of the disclosure statement to be provided to prospective investors in  
61 connection with the offering, containing the following:

62  
63 1. A description of the issuer, including its type of entity, the address  
64 and telephone number of its principal office, its history, its business  
65 plan, and the intended use of the offering proceeds, including any  
66 amounts to be paid, as compensation or otherwise, to any owner,  
67 executive officer, director, managing member, or other person  
68 occupying a similar status or performing similar functions on behalf of  
69 the issuer.

70  
71 2. The identity of each person owning more than ten percent (10%) of the  
72 ownership interests of any class of securities of the issuer.

73  
74 3. The identity of the executive officers, directors, managing members,  
75 and other persons occupying a similar status or performing similar  
76 functions in the name of and on behalf of the issuer, including their  
77 titles and their prior experience.

78  
79 4. The terms and conditions of the securities being offered and of any  
80 outstanding securities of the issuer, the minimum and maximum  
81 amount of securities being offered, if any, and either the percentage  
82 ownership of the company represented by the offered securities or the  
83 valuation of the issuer implied by the price of the offered securities.

84

85 5. The identity of any person who has been or will be retained by the

86 issuer to assist the issuer in conducting the offering and sale of the

87 securities, including any websites, but excluding persons acting solely

88 as accountants or attorneys and employees whose primary job

89 responsibilities involve the operating business of the issuer rather than

90 assisting the issuer in raising capital, and for each person identified in

91 response to this paragraph, a description of the consideration being

92 paid to such person for such assistance.

93

94 6. A description of any litigation or legal proceedings involving the

95 issuer or its management.

96

97 7. The name and address of any website that the issuer intends to use in

98 connection with the offering, including the URL of any website that

99 will be used in connection with the offering. If the issuer has not

100 engaged a website described in this subsection at the time the issuer

101 files the disclosure statement described in this subsection with the state

102 securities administrator but subsequently does engage a website for

103 use in connection with the offering, the issuer shall provide the

104 information described in this subsection to the state securities

105 administrator by filing a supplemental notice.

106

107 (iii.) An escrow agreement with a bank or other depository institution in which the

108 investor funds will be deposited, providing that all offering proceeds will be

109 released to the issuer only when the aggregate capital raised from all investors

110 is equal to or greater than the minimum target offering amount specified in the

111 business plan as necessary to implement the business plan and that all

112 investors may cancel their commitments to invest if that target offering

113 amount is not raised by the time stated in the disclosure document.

114

115 (6) The issuer is not, either before or as a result of the offering, an investment company,

116 as defined in section 3 of the Investment Company Act of 1940, 15 U.S.C. § 8a-3, or

117 an entity that would be an investment company but for the exclusions provided in

118 section 3(c) of that Act, or subject to the reporting requirements of section 13 or 15(d)

119 of the Securities Exchange Act of 1934, 15 U.S.C. § 78m and 78o(d).

120

121 (7) The issuer shall inform all prospective purchasers under this Act that the securities

122 have not been registered under federal or State securities law and that the securities

123 are subject to limitations on resale. The issuer shall display the following legend

124 conspicuously on the cover page of the disclosure document:

125 "IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR

126 OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING,

127 INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE

128 NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES

129 COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE  
130 FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR  
131 DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY  
132 REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE  
133 SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND  
134 RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS  
135 PERMITTED BY SUBSECTION (E) OF SEC RULE 147, 17 C.F.R. § 230.147(E) AS  
136 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND  
137 THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION  
138 OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY  
139 WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT  
140 FOR AN INDEFINITE PERIOD OF TIME."

141 (8) The issuer shall require each investor to certify in writing "I understand and  
142 acknowledge that:

- 144 (i.) I am investing in a high-risk, speculative business venture. I may lose all of  
145 my investment, and I can afford the loss of my investment.
- 147 (ii.) This offering has not been reviewed or approved by any state or federal  
148 securities commission or other regulatory authority and that no such person or  
149 authority has confirmed the accuracy or determined the adequacy of any  
150 disclosure made to me relating to this offering.
- 152 (iii.) The securities I am acquiring in this offering are illiquid, that there is no ready  
153 market for the sale of such securities, that it may be difficult or impossible for  
154 me to sell or otherwise dispose of this investment, and that, accordingly, I may  
155 be required to hold this investment indefinitely.
- 157 (iv.) I may be subject to tax on my share of the taxable income and losses of the  
158 company, whether or not I have sold or otherwise disposed of my investment  
159 or received any dividends or other distributions from the company.

161 (9) If the offer and sale of securities under this Act is made through an Internet website,  
162 the following requirements apply:

- 164 (i.) Prior to the offer of an investment opportunity to residents of this State  
165 through a website, the issuer shall provide to the website and to the state  
166 securities administrator evidence that the issuer is organized under [insert state  
167 here] law and that it is authorized to do business within the State.
- 169 (ii.) The issuer shall obtain from each purchaser of a security under this Act  
170 evidence that the purchaser is a resident of [insert state here] and, if  
171 applicable, an accredited investor and may obtain such information through  
172 the website.

174 (iii.) The website operator shall provide notice with the state securities  
175 administrator by filing a statement that it is a business entity that is organized  
176 under [insert state] law and that it is authorized to do business within the State  
177 and that it is being utilized to offer and sell securities pursuant to this  
178 exemption. As part of the registration, the website shall notify the state  
179 securities administrator of its and the issuer's identity, location, and contact  
180 information. Beginning 12 months after the date of the written notice, a  
181 website operator that has filed a written notice under this subsection shall  
182 annually notify the administrator in writing of any changes in the information  
183 provided to the administrator under this subsection.

184  
185 (iv.) The issuer and the website must keep and maintain records of the offers and  
186 sales of securities effected through the website and must provide ready access  
187 to the records to the state securities administrator, upon request. The state  
188 securities administrator may access, inspect, and review any website described  
189 in this subsection and its records.

190  
191 (10) No offers or sales of a security shall be made through a website unless the website  
192 provided notice to the state securities administrator pursuant to subsection (A)(9)(iii)  
193 of this Act.

194  
195 (11) The website shall not be subject to the registration provisions of the broker-dealer,  
196 investment adviser or investment adviser representative registration requirements of  
197 the state if the website meets the following conditions:

198  
199 (i.) It does not offer investment advice or recommendations.  
200  
201 (ii.) It does not solicit purchases, sales, or offers to buy the securities offered or  
202 displayed on the website.  
203  
204 (iii.) It does not compensate employees, agents, or other persons for the solicitation  
205 or based on the sale of securities displayed or referenced on the website.  
206  
207 (iv.) It is not compensated based on the amount of securities sold, and it does not  
208 hold, manage, possess, or otherwise handle investor funds or securities.  
209  
210 (v.) It does not engage in such other activities as the state securities administrator,  
211 by rule, determines inappropriate.

212  
213 (12) All payments for purchase of securities must be directed to and held by the bank  
214 or depository institution subject to the provisions of subsection (A)(5)(iii.) of this Act.

215  
216 (13) The issuer shall not pay, directly or indirectly, any commission or remuneration to  
217 an executive officer, director, managing member, or other individual who has a  
218 similar status or performs similar functions in the name of and on behalf of the issuer  
219 for offering or selling securities unless he or she is registered as a broker-dealer,

220 investment adviser, or investment adviser representative under [insert applicable state  
221 statute]. An executive officer, director, managing member, or person occupying a  
222 similar status or performing similar functions in the name of and on behalf of the  
223 issuer shall be exempt from the registration provisions required by state law provided  
224 that the person does not receive, directly or indirectly, any commission or  
225 remuneration for offering and selling securities of the issuer pursuant to this  
226 exemption.

227

228 (14) The issuer must provide a copy of the disclosure document provided to the state  
229 securities administrator pursuant to subsection (A)(5)(ii.) of this Act to each  
230 prospective investor at the time the offer of securities is made to the prospective  
231 investor. In addition to the information described in subsection (A)(5)(ii.) of this  
232 section, the disclosure document provided to the Administrator and to prospective  
233 investors should include additional information material to the offering, including,  
234 where appropriate, a discussion of significant factors that make the offering  
235 speculative or risky. This discussion should not present risks that could apply to any  
236 issuer or any offering.

237

238 (B) Every fifth year the administrator shall cumulatively adjust each of the following dollar  
239 amounts to reflect the change in the Consumer Price Index for all Urban Consumers  
240 produced by the Bureau of Labor Statistics:

241

242 (1) The dollar limitations in subsection (A)(3)(i.) and subsection (A)(3)(ii.) of this  
243 Section, rounding each dollar limitation to the nearest \$50,000.00.

244

245 (2) The dollar limitations in subsection (A)(4) of this Section, rounding each dollar  
246 limitation to the nearest \$100.00.

247

248 (C) An issuer of a security, the offer and sale of which is exempt under this section, shall provide  
249 a quarterly report to the issuer's investors until no securities issued under this Act are  
250 outstanding. The report required by this subsection shall be provided free of charge. An  
251 issuer may satisfy the reporting requirement of this subsection by making the information  
252 available on an Internet website address if the information is made available within 45 days  
253 of the end of each fiscal quarter and remains available until the succeeding quarterly report is  
254 issued. An issuer shall file each such quarterly report with the state securities administrator  
255 and must provide a written copy of the report to any investor upon request. The report must  
256 contain each of the following:

257

258 (1) Compensation received by each director and executive officer of the issuer, including  
259 cash compensation earned since the previous report and on an annual basis and any  
260 bonuses, stock options, other rights to receive securities of the issuer or any affiliate  
261 of the issuer, or other compensation received.

262

263 (2) An analysis by management of the issuer of the business operations and financial  
264 condition of the issuer.

265

266 (D) The exemption allowed by this Act shall not apply if an issuer or person affiliated with the  
267 issuer or offering is subject to any disqualification established by the administrator by rule or  
268 contained in Rule 262 as promulgated under the Securities Act of 1933 (17 C.F.R. §  
269 230.262). The provisions of this subsection shall not apply if:

270

271 (1) Upon a showing of good cause and without prejudice to any other action by the state  
272 securities administrator, the state securities administrator determines that it is not  
273 necessary under the circumstances that an exemption be denied; and

274

275 (2) The issuer establishes that it made factual inquiry into whether any disqualification  
276 existed under this subsection but did not know, and in the exercise of reasonable care  
277 could not have known, that a disqualification existed under this subsection. The  
278 nature and scope of the requisite inquiry will vary based on the circumstances of the  
279 issuer and the other offering participants.

280

281 (E) The state securities administrator may adopt rules to implement the provisions of this Act  
282 and to protect investors who purchase securities under this section.

283

284 (F) The state securities administrator shall charge a nonrefundable filing fee of one hundred  
285 dollars (\$100.00) for filing an exemption notice required by subsection (A)(5)(i.) of this Act.  
286 The fees paid to the state securities administrator pursuant to this subsection shall be used to  
287 pay the costs incurred in administering and enforcing this Act. The revenue derived from the  
288 fee shall be credited to a nonreverting agency revenue account.

289

290 **Section 2. {Severability Clause.}**

291 **Section 3. {Repealer Clause.}**

292 **Section 4. {Effective Date.}**

293

## **FOR DISCUSSION ONLY**

The below proposed model policy is not up for a vote.

## **DRAFT** Automotive Manufacturer Direct Sale to Consumer Act

## *Summary*

8 Free and open markets are a cornerstone principle of Federalism. Allowing access to markets  
9 with little government interference provides the consumer with the best choice and price for their  
10 product while promoting healthy, fair competition amongst competitors. Government  
11 interference in the free market includes using legislation to prevent new entrants into markets  
12 and inhibits choice for the consumer.

## *Model Policy*

## **Section 1. {Purpose}** This Act's purpose is to:

- (A) Ensure that an automotive manufacturers may pursue a lawful trade directly with consumers provided terms of franchise contracts are not violated.
- (B) Provide the consumer with all available products and protect against the misuse of governmental regulations to reduce competition, limit supply and increase prices to consumers.

## **Section 2. {Definitions}** The following definitions apply in this Act:

- (A) "Motor vehicle" means every self-propelled vehicle manufactured and designed primarily for use and operation on the public highways and required to be registered and titled under the laws of [insert state here].
- (B) "Motor vehicle dealer" means any person engaged in the business of selling, offering to sell, soliciting or advertising the sale of new or used motor vehicles or possessing motor vehicles for the purpose of resale either on his or her own account or on behalf of another, either as his or her primary business or incidental thereto.
- (C) "New motor vehicle dealer" means a motor vehicle dealer who holds a valid sales and service agreement, franchise or contract granted by the manufacturer or distributor for the sale, service, or both, of its new motor vehicles.
- (D) "Franchise" means one or more oral or written agreements under or by which the franchisee is granted the right to sell new motor vehicles or component parts manufactured or distributed by the franchisor or the right to service motor vehicles or component parts manufactured or distributed by the manufacturer but does not include any person who has an agreement with a manufacturer or distributor to perform service only on fleet, government, or rental vehicles;

43 (E) "Franchisee" means an independent business that is a component of the franchisor's  
44 distribution or service system. The franchisee is granted the right to be substantially  
45 associated with the franchisor's trademark, trade name or commercial symbol. The  
46 franchisee's business is substantially reliant for the conduct of its business on the  
47 franchisor for a continued supply or service of motor vehicles, parts, and accessories

48 **Section 3. {Right to engage in lawful commerce}**

49 (A) A manufacturer or distributor that sells and services motor vehicles in (state) and is  
50 licensed as a dealer in [insert state here] shall not be deemed to be competing with any  
51 motor vehicle dealer if no dealer or other franchisee sells and services the same line or  
52 make in [insert state here].

53  
54 (B) Notwithstanding any franchise agreements, a manufacturer or distributor may own,  
55 operate, or control a new motor vehicle dealership, that sells new vehicles that are only of  
56 that manufacturer's makes or lines and that are not sold new by a licensed independent  
57 franchise dealer within the state.

58 **Section 4. Effective date shall be 90 days after passage.**

59  
60 **Section 5. Repealer Clause.**

61

**STATE REIMBURSEMENT FUND ACCOUNT POLICY (WHERE APPLICABLE):**

The purpose of the State Reimbursement Fund Account is to provide funding for state lawmakers to attend ALEC conferences, state focus events, and membership events. In those states which allow the establishment of a State Reimbursement Fund Account to be administered by ALEC in Arlington, VA, the Private Sector Chair (where permissible by state law), along with the Public Sector Chair, monitors both contributions and expenditures from that account. The Coordinator of Corporate and Nonprofit Affairs maintains the State Reimbursement Fund account and issues monthly reports of State Reimbursement Fund activity to the regional representatives at ALEC. The regional representatives then provide fund activity to the Public and Private State Chairs and Vice Chairs for their review. Contributions to the ALEC State Reimbursement Fund are tax deductible as ALEC is a non-profit 501(c)(3) corporation. All expenditures from the fund – where applicable – must be approved by the State Chair. No expenditures shall be approved for State Reimbursement Fund Accounts with negative balances. Likewise, no expenditures shall be approved if such will result in the State Reimbursement Fund Account having a negative balance. All disbursements from the ALEC State Reimbursement Fund must be in conformance with all applicable laws, regulations, and rules. Revisions and deviations from this Policy will be made whenever necessary to ensure that the State Reimbursement Fund Account is in full compliance with any applicable law, regulation, or rule.

State chairs must use the template letter with the ALEC logo and the template invoice. The public sector state chair must sign the template letter. Public Sector State Chairs have flexibility to add the signature(s) of the Private Sector State Chair, National Chair or Executive Director. State delegations are encouraged to complete fundraising efforts by the end of the first quarter.

**AMERICAN LEGISLATIVE EXCHANGE COUNCIL BYLAWS:****Section 10.07 State Reimbursement Funds.**

All funds for ALEC State Reimbursement Funds shall be deposited in accounts designated by the ALEC Legislative Board of Directors. State Chairs are prohibited from establishing, maintaining, or utilizing the accounts. Account expenses can be for ALEC only. Violation of this section shall constitute grounds for (1) immediate removal from a leadership position, and (2) dismissal from membership in accordance with these bylaws.

**TRAVEL REIMBURSEMENT POLICY BY MEETING:****Spring Task Force Summit:**

1. Spring Task Force Summit Reimbursement Form: ALEC Task Force members are reimbursed by ALEC up to \$350.00 for travel expenses. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Director of Policy.
2. ALEC Task Force Members' room & tax fees for a two-night stay are reimbursed by ALEC.
3. Official Alternate Task Force Members (chosen by the State Chair and whose names are given to ALEC more than 35 days prior to the meeting to serve in place of a Task Force Member who cannot attend) will be reimbursed in the same manner as Task Force Members.
4. State Reimbursement Form: Any fees above \$350.00 or for expenses other than travel and

room expenses can be submitted by Task Force Members for payment from the state account upon the approval of the State Chair. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member, not the State Chair, to mail their signed request to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202.

5. Non-Task Force Members can be reimbursed out of the state fund upon approval. Receipts must be submitted to the State Chair who will submit the signed form to the Senior Director of Membership and Development.

**ALEC Annual Meeting:**

State Reimbursement Form: State funds are available for reimbursement by approval of the ALEC State Chair. Expenses are reimbursed after the conference and may cover the cost of travel, room & tax, and registration. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member to mail their signed request form to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202.

**ALEC States & Nation Policy Summit:**

1. States & Nation Policy Summit Reimbursement Form: ALEC reimburses \$2,000.00 per state to cover the cost of travel, room & tax, and registration not to exceed \$1,000.00 per person for state for new ALEC legislators. ALEC recipients are selected by the ALEC State Chair. Expenses are submitted to the State Chair and reimbursed after the conference. The State Chair submits the signed form to the Senior Director of Membership and Development.
2. State Reimbursement Form: Any other fees or payments must be made out of the state account with ALEC's approval. Receipts must be submitted to the State Chair who submits the signed form to the Senior Director of Membership and Development.

**ALEC Academies:**

Academy Reimbursement Form: Attendees to ALEC Academies are reimbursed by the Task Force Committee hosting the Academy. Attendees will receive a form at the academy and will be reimbursed up to \$500.00 for travel, and room & tax fees for a two-night stay by ALEC. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member to mail their signed request signed form to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Senior Director, Policy and Strategic Initiatives.



## **Mission Statement**

To advance free markets, limited government, and federalism.

# 2014 ALEC SPRING TASK FORCE SUMMIT

May 1 - 2, 2014

Kansas City Marriott Downtown  
200 W 12th St • Kansas City, MO 64105

## ATTENDEE REGISTRATION / HOUSING FORM

*Early registration deadline: April 4, 2014  
Housing cut-off date: April 4, 2014*



LIMITED GOVERNMENT • FREE MARKETS • FEDERALISM

Online [www.alec.org](http://www.alec.org)

Email [meetings@alec.org](mailto:meetings@alec.org)

Fax 703.373.0932

Phone / Questions 571.482.5056 (Mon-Fri, 9am-5pm EST)

### ATTENDEE INFORMATION

Prefix \_\_\_\_\_ First Name \_\_\_\_\_ Middle Initial \_\_\_\_\_ Last Name \_\_\_\_\_ Suffix(s) : \_\_\_\_\_

Badge Nickname: \_\_\_\_\_ Title: \_\_\_\_\_

Organization (required) \_\_\_\_\_

Preferred Mailing Address:  Business  Home \_\_\_\_\_

City \_\_\_\_\_ State/Province \_\_\_\_\_ Country \_\_\_\_\_ ZIP/Postal code \_\_\_\_\_

Preferred Phone  Work  Home  Mobile \_\_\_\_\_ Alternate phone  Work  Home  Mobile \_\_\_\_\_ Fax \_\_\_\_\_

Email (confirmation will be sent by email) \_\_\_\_\_

On-site Emergency Information Name of Person to Contact: \_\_\_\_\_ Phone: \_\_\_\_\_ Relationship to You: \_\_\_\_\_

Do you have any special physical, dietary (for example, vegetarian, kosher), or other needs:  Yes  No

If yes, please describe: \_\_\_\_\_

This is my first time attending an ALEC event.

**\*Spouse / Guest:** If registering a spouse or guest, please complete the spouse/guest registration form. Spouse / guest registration is meant to accommodate legal spouses and immediate family members. Attendees from the same organization must register independently.

### REGISTRATION INFORMATION

*\*\* Please note that member fees are subject to verification*

	EARLY until April 4	ON-SITE begin April 5	METHOD OF REGISTRATION PAYMENT
<input type="checkbox"/> ALEC Legislative Task Force Member	\$ 150	\$ 150	<input type="checkbox"/> Credit Card: Credit cards will be charged immediately.
<input type="checkbox"/> ALEC Private Sector Task Force Voting Member	\$ 275	\$ 275	<input type="checkbox"/> Amer Express <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard
<input type="checkbox"/> ALEC Non-Profit Task Force Voting Member	\$ 275	\$ 275	Card # _____
<input type="checkbox"/> ALEC Legislative Member/ Non-Task Force Member	\$ 300	\$ 400	Cardholder (please print) _____
<input type="checkbox"/> Private Sector Member/ Non-Task Force Member	\$ 550	\$ 650	Exp Date (mm/yy) _____ Security Code _____
<input type="checkbox"/> ALEC Non-Profit Member (501(c)(3) status required)/ Non-Task Force Member	\$ 475	\$ 575	Signature _____
<input type="checkbox"/> Legislative/ Non-Member	\$ 400	\$ 500	
<input type="checkbox"/> Private Sector/ Non-Member	\$ 675	\$ 825	
<input type="checkbox"/> Non-Profit Non-Member (501(c)(3) status required)	\$ 625	\$ 725	
<input type="checkbox"/> Legislative Staff/ Government	\$ 400	\$ 500	
<input type="checkbox"/> ALEC Alumni	\$ 350	\$ 450	
<input type="checkbox"/> ALEC Legacy Member	\$ 0	\$ 0	

REGISTRATION FEES: \$ \_\_\_\_\_

**Note:** Registration forms with enclosed payments must be received by April 4, 2014 to be eligible for early bird registration rates. Forms and/or payments received after April 4, 2014 will be subject to the on-site registration rate.

### REGISTRATION CONFIRMATION INFORMATION

Online registrants will receive immediate email confirmation. If registering by form, confirmation will be emailed, faxed, or mailed within 72 hours of receipt of payment.

### HOUSING

### RESERVATION CUTOFF FOR ALEC DISCOUNTED RATE IS April 4, 2014

Kansas City Marriott Downtown Arrival Date \_\_\_\_\_ Departure Date \_\_\_\_\_

Sharing with: (Maximum 4 guests per room ) \_\_\_\_\_

#### Room Type

<input type="checkbox"/> Single	(1 person – 1 bed)	\$149	<input type="checkbox"/> ADA room required: _____	<input type="checkbox"/> Audio <input type="checkbox"/> Visual <input type="checkbox"/> Mobile
<input type="checkbox"/> Double	(2 persons – 1 bed)	\$149	<input type="checkbox"/> Rollaway / crib: _____	
<input type="checkbox"/> Double/ Double	(2 persons – 2 beds)	\$149	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Triple	(3 persons – 2 beds)	\$149		
<input type="checkbox"/> Quad	(4 persons – 2 beds)	\$149		

Room types and special requests are not guaranteed.

All rates DO NOT include city development fee \$1.75 and room tax currently 16.85% (subject to change)

Note: Cutoff for reservations at the ALEC rate is April 4, 2014. After April 4, 2014, every effort will be made to accommodate new reservations, based on availability and rate. The hotel will assign specific room types at check in, based upon availability.

### HOUSING CONFIRMATION INFORMATION

Online reservations will receive immediate email confirmation. Reservations received by form will be confirmed via email, fax, or mail within 72 hours of receipt.

### HOUSING CANCELLATION / REFUND INFORMATION

Credit cards will be charged one night room and tax in the event of a no show or if cancellation occurs within 72 hours prior to arrival. Please obtain a cancellation

# 2014 ALEC SPRING TASK FORCE SUMMIT

May 1 - 2, 2014

Kansas City Marriott Downtown

200 W 12th St • Kansas City, MO 64105



## SPOUSE/GUEST REGISTRATION FORM

**Online**  
www.alec.org

**Fax (credit cards only)**  
703.373.0932

**Phone / Questions** • Mon-Fri, 9am-5:00 pm EST  
571.482.5056

### ATTENDEE INFORMATION IS REQUIRED TO REGISTER A SPOUSE OR GUEST

First Name \_\_\_\_\_ Last Name \_\_\_\_\_

Organization \_\_\_\_\_

Daytime phone \_\_\_\_\_

Email (*Confirmation will be sent by email*) \_\_\_\_\_

### SPOUSE / GUEST REGISTRATION

#### SPOUSE / GUEST REGISTRATION GUIDELINES

1. Spouse / guest registration is meant to accommodate legal spouse and immediate family members.
2. Attendees from the same organization must register independently. No exception will be made.
3. Spouse / guest designation will be clearly visible on name badge.

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

SPOUSE / GUEST REGISTRATION FEES	Number of Spouse/Guest(s)	Fee	TOTAL
<input type="checkbox"/> Spouse / Guest <i>please note name(s) above</i>	_____	\$ 50	\$ _____

#### METHOD OF SPOUSE / GUEST REGISTRATION PAYMENT

**Credit Card:** Credit cards will be charged immediately. Please fax to the above number for processing.

Amer Express

Card # \_\_\_\_\_

Visa

Cardholder (*please print*) \_\_\_\_\_

MasterCard

Exp Date (mm/yy) \_\_\_\_\_ / \_\_\_\_\_ Security Code \_\_\_\_\_

Signature \_\_\_\_\_

#### REGISTRATION CONFIRMATION INFORMATION

Online registrants will receive immediate email confirmation. If registering by form, confirmation will be emailed within 72 hours of receipt of payment.

#### REGISTRATION CANCELLATION / REFUND INFORMATION

Registrations are non-refundable after 5pm EST April 4, 2014.